



# CITY OF NEWPORT BEACH ECONOMIC DEVELOPMENT COMMITTEE

## MINUTES 1-20-10

Minutes of the Economic Development Committee held at the City Council Chambers, City of Newport Beach, on **Wednesday, January 20, 2010.**

### Members Present:

X	Mike Henn, Chairman	X	Lloyd Ikerd
E	Keith Curry, Mayor	X	Brion Jeannette
E	Steve Rosansky, Council Member	X	Debra Legan
X	Robert Hawkins, Planning Commissioner	A	Richard Luehrs
X	Mike McNamara, Vice Chairman	X	Scott Palmer
A	Fred Ameri	X	John Robinson
X	Craig Batley	E	Gregg Schwenk
X	Seymour Beek	X	Gary Sherwin
E	Jeffrey Cole	X	Kim Van Natta
A	Steven Coyne	X	Gay Wassall-Kelly
X	Kenneth Drellishak		
E	Sheri Drewry		
X	Jennifer Gonzalez		
X	David Hsiang		
X	John Hyatt		

### Staff Representatives:

X	Sharon Wood, Assistant City Manager	X	Dan Matusiewicz
E	Leigh De Santis, Economic Development Administrator	X	Evelyn Tseng
X	Katie Bowden, Economic Development Coordinator		

### Guests Present:

Nick O'Hare	
Katie Gardner	

### Roll Call and Introductions:

Chairman Henn called the meeting to order at 8:05 am and began self-introductions of the assembled members, staff and guests.

## **UPDATES AND ANNOUNCEMENTS**

- Chairman Henn announced that a purchase agreement for the Balboa Market building will be considered at the January 26, 2010 Council meeting. Current plans are to raze the building for expansion of the surface parking lot. There have been discussions with the mural artist and others about how to represent that art in alternative ways.
  - The source of funds for the purchase of the building will be from existing dedicated parking funds and parking revenues. There will be no burden on the general fund for the immediate future. Any borrowing from the general fund will be covered by future parking revenues.
  - A Balboa Village parking district may affect funding sources. Balboa Peninsula has two separate special designated parking funds. Some parking revenue goes into the tideland fund, the use of which is restricted.
- Mike McNamara announced that the Harbor Commission received and filed the Summer Water Taxi Committee Report. Commissioners had concerns about the financial viability and ADA access. At the last meeting, the EDC supported a motion to test the market through a formal RFP.
- Gary Sherwin reported on the positive effect of the Bowl Championship Series on the local economy. The event brought an infusion of cash to the economy when it was needed most. Hotels are still tallying the number of room nights associated with the event. All reports are that the alumni enjoyed their stay in Newport-Mesa. Visit Newport Beach is in active discussions about hosting teams and alumni for future Rose Bowls and the 2014 Bowl Championship Series.
  - Mr. Sherwin largely credited late EDC member and Tournament of Roses President Gary DiSano for giving Visit Newport Beach a heads-up that the BCS event was in need of a headquarters location. Mr. Sherwin credited the EDC as a means to bring great ideas together for the benefit of the local economy.
- Seymour Beek announced that the Balboa Island Ferry was closed the past two days due to severe weather.

## **DISCUSSION ITEMS**

### **1. Minutes of December 16, 2009.**

Chairman Henn called for comments on the draft minutes. There being none, Mike McNamara moved approval of the minutes and Ken Drellishak seconded. The minutes were approved unanimously, with Robert Hawkins abstaining from the vote.

### **2. Recommendation of Candidate, Jeff Cole, for Appointment to fill EDC seat on the Special Events Advisory Committee vacated when Jim Donnell resigned.**

Chairman Henn announced that Jeff Cole could not attend the meeting due to a conflicting speaking engagement. Mike McNamara moved for the recommendation of

appointment of Jeff Cole, and Robert Hawkins seconded the motion. The candidate was unanimously approved for recommendation.

### **3. Presentation by Dick Kurth, Deputy Director of Administrative Services, on the City's Revenues and Budget for the Current Fiscal Years.**

Finance Officer Dan Matusiewicz made the presentation on behalf of Dick Kurth. Mr. Matusiewicz introduced Evelyn Tseng, the interim Revenue Manager, and Nick O'Hare of Municipal Revenue Advisors, the City's sales tax consultant. As of November 2009, the Newport Beach unemployment rate is 5.9%, compared to 9.4% in Orange County and 12.3% on average in California. The City's total general fund revenues budgeted in FY 2009-2010 was \$150,139,606. The City has a long history of developing a balanced budget and keeping/building its reserves. Several members asked clarification questions on the City's general fund reserve composition. 2009-2010 nonspecific operating reserves total \$13,098,656.

Population growth has held steady. Property taxes make up about 47% of general fund revenues, sales taxes make up about 13%, and transient occupancy taxes (TOT) make up about 9%. Actual property tax assessments were 0.24% less than budgeted for FY 2009-2010. Sales tax revenues were down 11% in the 3<sup>rd</sup> quarter of 2009 as compared to the same period in 2008, with new auto sales (19.7%) slightly overtaking restaurant sales (19.3%) as the largest sales tax generator in the City. Major hoteliers were down 15-25% for July 2009 through November 2009 as compared to the same period in 2008. This decline in overall TOT revenue was somewhat muted by the addition of the Pelican Hill Resort. Mr. Matusiewicz discussed the State budget operating shortfall projections. When asked about the Proposition 1A borrowing, he responded that the city joined a group of cities securitizing receivables from the state in order pass the risk on to bond holders. The City was paid from the bond issue on January 15, 2010.

Mr. Matusiewicz concluded that the City is starting 2010 from an enviable reserve position. Multifaceted budget balancing efforts have resulted in the City closing in on its 2009-2010 budget gap. Although modest sales tax and TOT recovery is expected in 2010-2011, the unknown impacts associated with the State's ongoing budget crisis and potential reductions to the City's assessed property tax base has added considerable uncertainty to the extent of the budget hurdles to be faced in 2010-2011. Further budget balancing actions are likely to be ongoing.

### **4. EQAC Representative's Report**

EQAC has received the Revised Draft EIR for Marina Park. They will complete their review in February.

### **ITEMS FOR A FUTURE AGENDA**

- Tourism Update – February
- Geo Area Representative Report on Holiday Business Season - February

### **PUBLIC COMMENTS**

- Gay Wassall-Kelly was concerned about reports that Morningside Recovery may have opened a group home operation in the Via Lido commercial area. Chairman Henn responded that staff is looking into these reports. Morningside Recovery has had offices in the area for some time, and an office use if permitted. A group home use would not be permitted.

## **ADJOURNMENT**

Chairman Henn called for the meeting to be adjourned at 9:05 am.